

Article - Environment

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§9-1611.

(a) Bonds may be secured by a trust agreement by and between the Administration and a corporate trustee, which may be any trust company or bank having trust powers, within or without the State. Such trust agreement may pledge or assign all or any part of the revenues or corpus of the Water Quality Fund, Drinking Water Loan Fund, the Bay Restoration Fund, or the Chesapeake and Atlantic Coastal Bays Nonpoint Source Fund, or any account within these funds, and may pledge or assign or grant a lien on or security interest in any loan agreement or loan obligation. Any such trust agreement or resolution authorizing the issuance of bonds may contain such provisions for the protection and enforcement of the rights and remedies of the bondholders as may be deemed reasonable and proper, including covenants setting forth the duties of the Administration in relation to the making, administration and enforcement of loans and the custody, safeguarding and application of moneys. Such trust agreement may set forth the rights and remedies of the bondholders and of the trustee and may restrict the individual right of action by bondholders. In addition to the foregoing, such trust agreement may contain such other provisions as the Director may deem reasonable and proper for the security of the bondholders, including, without limitation, covenants pertaining to the issuance of additional parity bonds upon conditions stated therein consistent with the requirements of this subtitle.

(b) The proceeds of the sale of bonds shall be disbursed in such manner and under such restrictions, if any, as may be provided in such trust agreement.

(c) (1) The revenues and moneys designated as security for bonds shall be set aside at such regular intervals as may be provided in the bond resolution in a special account in the Water Quality Fund, if the net sale proceeds will be deposited in the Water Quality Fund, the Drinking Water Loan Fund, if the net sale proceeds will be deposited in the Drinking Water Loan Fund, the Bay Restoration Fund, if the net sale proceeds will be deposited in the Bay Restoration Fund, or the Chesapeake and Atlantic Coastal Bays Nonpoint Source Fund, if the net sale proceeds will be deposited in the Chesapeake and Atlantic Coastal Bays Nonpoint Source Fund, which is pledged to, and charged with, the payment of:

- (i) The interest upon such bonds as such interest falls due;
- (ii) The principal of such bonds as it falls due;

(iii) The necessary charges of the trustee, bond registrar, and paying agents; and

(iv) The redemption price or purchase price of bonds retired by call or purchase as provided in the bond resolution or trust agreement.

(2) Any amounts set aside in such special account which are not needed to provide for the payment of the items included under paragraph (1) of this subsection may be used for any other lawful purpose, to the extent provided in the bond resolution. Such pledge shall be valid and binding from the time when the pledge is made. Such revenues or other moneys so pledged and thereafter received by the Administration shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having any claims of any kind in tort, contract, or otherwise against the Administration or the Water Quality Fund, the Drinking Water Loan Fund, the Bay Restoration Fund, or the Chesapeake and Atlantic Coastal Bays Nonpoint Source Fund, irrespective of whether such parties have notice thereof. Neither the bond resolution nor any trust agreement by which a pledge is created need be filed or recorded except in the records of the Administration, any public general or public local law to the contrary notwithstanding.

(d) Any net earnings of the Administration, beyond that necessary for the retirement of bonds or to implement the public purposes or programs of the Administration, shall not inure to the benefit of any person, other than the State of Maryland for use to accomplish the purposes of this subtitle.

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